

November 19, 2004

Jennifer J. Johnson  
Secretary  
Federal Reserve System  
Board of Governors  
20<sup>th</sup> Street and Constitution Ave NW  
Washington, DC 20551

Docket No. R-1210  
Comment on Proposal to Amend Regulation E

Dear Ms. Johnson:

Best Buy Co., Inc (NYSE: BBY) appreciates the opportunity to present comments on the Board's recent proposal to amend Regulation E ("Reg E"). Best Buy is an innovative Fortune 100® growth company that sells consumer electronics, home-office products, entertainment software, appliances and related services. A Minneapolis-based company, our operations include: Best Buy (BestBuy.com), Future Shop (FutureShop.ca), Geek Squad (GeekSquad.com) and Magnolia Audio Video (Magnoliaav.com).

The Board specifically requested comment on a number of issues. Our response to these issues is set out below.

**Issue:** As stated in the Supplementary Information, the consumer notice for authorization of an ECK transaction can be a generic statement posted on a sign or a written statement at POS ... and must be clear and conspicuous. The Board also stated that at POS, a written signed authorization may be viewed as a more effective means than signage for informing consumers that their checks are being converted. Comment is solicited on whether merchants or other payees should be required to obtain the consumer's written signed authorization to convert checks received at POS.

**Best Buy favors the Board's present concept that consumer authorization is effective when the consumer goes forward with the transaction after having been given notice that the transaction will be processed as an EFT.** Consumer authorization of an ECK should not be a burdensome process for the consumer or the retailer. As the Board is aware, ACH originators are subject to NACHA's authorization requirements as well as the authorization requirement under Reg E. Under NACHA rules, a signature must be obtained from the consumer to authorize an ACH transaction. Due to the expensive capital investment to change our POS system to obtain the signature at POS, Best Buy has found the signature requirement to be a major deterrent to utilization of ECK.

It is our understanding that NACHA is currently re-evaluating its authorization procedures and may drop the signature requirement. Best Buy feels it would be counterproductive if NACHA were to decide to no longer require a signature while the Board adds a signature requirement. The goal of both NACHA and the Board should be to require that the appropriate disclosures be made to the consumer at the time of the transaction, while at the same time making the ECK process attractive to business.

**Finally, Best Buy feels that the second sentence of clause A-6(a), which says that funds may be withdrawn quickly, and that the check may not be returned by the financial institution, is misleading and unnecessary.** Check imaging and other technological improvements in payment processing are also causing funds to be withdrawn faster from the maker's account. Check truncation, imaging, and bank policies also result in many situations where checks are not being returned by the maker's financial institution.

We will be happy to discuss any aspect of our position concerning the proposed amendments.

Yours truly,

Felipe Ortega  
Best Buy – Credit Department